# Annual Report 2021

**On behalf of Orange Topco B.V.,**
holding company of KidsFoundation Holdings B.V.,
including Smallsteps B.V. and Partou B.V.

partou

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# Management **report**

The management report of Orange Topco B.V. is available at the office of the company.

# Financial **statements**

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# Consolidated statement of financial position

| EUR 1,000 | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 8 | 59,255 | 39,136 |
| Right-of-use assets | 9 | 289,892 | 227,173 |
| Intangible assets and goodwill | 10 | 476,012 | 432,227 |
| Financial fixed assets | 11 | 1,858 | 2,033 |
| Deferred tax assets | 27 | 9,364 | 5,645 |
| **Non-current assets** | | **836,381** | **706,214** |
| | | | |
| Deferred tax assets | 27 | 789 | 867 |
| Trade receivables | 12 | 3,814 | 3,796 |
| Other current assets | 13 | 7,396 | 3,101 |
| Cash and cash equivalents | 14 | 48,768 | 62,413 |
| **Current assets** | | **60,767** | **70,177** |
| | | | |
| **Total assets** | | **897,148** | **776,391** |

The notes on pages •• to •• are an integral part of these consolidated financial statements.

| EUR 1,000 | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Equity** | | | |
| Ordinary share capital | 15 | 125 | 125 |
| Preference share capital | 15 | 20 | 20 |
| Share premium ordinary shares | 15 | 13,282 | 12,393 |
| Share premium preference shares | 15 | 199,367 | 199,367 |
| Currency translation reserve | 15 | 1,088 | – |
| Other reserves | 15 | 433 | 422 |
| Accumulated losses | 15 | (10,948) | (16,708) |
| **Equity attributable to owners of the Company** | | **203,367** | **195,619** |
| **Total equity** | | **203,367** | **195,619** |

| EUR 1,000 | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Liabilities** | | | |
| Loans and borrowings | 17 | 264,634 | 209,335 |
| Lease liabilities | 9 | 264,699 | 204,007 |
| Provisions | 21 | 4,076 | 3,303 |
| Deferred tax liabilities | 27 | 11,607 | 13,851 |
| **Non-current liabilities** | | **545,016** | **430,496** |
| Current tax liabilities | 27 | 5,549 | 4,746 |
| Deferred tax liabilities | 27 | 7,045 | 5,985 |
| Lease liabilities | 9 | 31,566 | 31,863 |
| Trade payables | 18 | 12,396 | 8,994 |
| Other current liabilities | 19 | 40,912 | 55,277 |
| Deferred income/revenue | 20 | 48,095 | 39,719 |
| Provisions | 21 | 3,202 | 3,692 |
| **Current liabilities** | | **148,765** | **150,276** |
| **Total liabilities** | | **693,781** | **580,772** |
| **Total equity and liabilities** | | **897,148** | **776,391** |

The notes on pages •• to •• are an integral part of these consolidated financial statements.

# Consolidated statement of profit or loss and other comprehensive income

**for the year ended 31 December**

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Revenue | 23 | 482,263 | 424,070 |
| Other income | 24 | 12,263 | 11,884 |
| **Net turnover** | | **494,526** | **435,954** |
| | | | |
| Employee benefit expense | 25 | (326,279) | (294,120) |
| Depreciation and amortization | 8,9,10 | (70,626) | (61,825) |
| Impairment loss on trade receivables | 22 | 387 | (186) |
| Other operating expenses | 24 | (67,124) | (57,353) |
| **Total operating expenses** | | **(463,642)** | **(413,484)** |
| | | | |
| **Operating result** | | **30,884** | **22,470** |

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Finance costs | 26 | (26,669) | (21,750) |
| **Net finance costs** | | **(26,669)** | **(21,750)** |
| | | | |
| **Profit before income taxes** | | **4,215** | **720** |
| | | | |
| Income tax credit/(expense) | 27 | 1,556 | (2,980) |
| | | | |
| **Profit/(loss) for the period** | | **5,771** | **(2,260)** |
| Other comprehensive income | | – | – |
| **Total comprehensive income/(expense)** | | **5,771** | **(2,260)** |
| | | | |
| **Profit/(loss) attributable to** | | | |
| Owners of the Company | | 5,760 | (2,323) |
| Foundations | | 11 | 63 |
| | | **5,771** | **(2,260)** |

The notes on pages •• to •• are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

| EUR 1,000 | Note | Ordinary share capital | Preference share capital | Share premium ordinary shares | Share premium preference shares | Other reserves | Accumulated losses | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | | **91** | **12** | **8,926** | **124,310** | **343** | **(14,385)** | **119,297** |
| | | | | | | | | |
| Loss for the period | | – | – | – | – | – | (2,323) | (2,323) |
| Other comprehensive income | | – | – | – | – | – | – | – |
| **Total comprehensive expense** | | **–** | **–** | **–** | **–** | **–** | **(2,323)** | **(2,323)** |
| | | | | | | | | |
| Contributions and distributions: | | | | | | | | |
| • Issue of ordinary shares | 35 | 34 | 8 | 3,467 | 75,057 | – | – | 78,566 |
| • Dividends | | – | – | – | – | – | – | – |
| **Total contributions by and distributions** | | **34** | **8** | **3,467** | **75,057** | **–** | **–** | **78,566** |
| | | | | | | | | |
| **Total transactions with owners of the Company** | | **34** | **8** | **3,467** | **75,057** | **–** | **–** | **78,566** |
| • (De)Consolidation of foundations | | – | – | – | – | 79 | – | 79 |
| **Balance at 31 December 2020** | | **125** | **20** | **12,393** | **199,367** | **422** | **(16,708)** | **195,619** |

The notes on pages •• to •• are an integral part of these consolidated financial statements.

| EUR 1,000 | Note | Ordinary share capital | Preference share capital | Share premium ordinary shares | Share premium preference shares | Currency translation reserve | Other reserves | Accumulated losses | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | **125** | **20** | **12,393** | **199,367** | **–** | **422** | **(16,708)** | **195,619** |
| | | | | | | | | | |
| Profit for the period | | – | – | – | – | – | – | 5,760 | 5,760 |
| Other comprehensive income | | – | – | – | – | 1,088 | – | – | 1,088 |
| **Total comprehensive expense** | | **–** | **–** | **–** | **–** | **1,088** | **–** | **5,760** | **6,848** |
| | | | | | | | | | |
| Contributions and distributions: | | | | | | | | | |
| • Issue of ordinary shares | 35 | – | – | 889 | – | – | – | – | 889 |
| • Dividends | | – | – | – | – | – | – | – | – |
| **Total contributions by and distributions** | | **–** | **–** | **889** | **–** | **–** | **–** | **–** | **889** |
| | | | | | | | | | |
| **Total transactions with owners of the Company** | | **–** | **–** | **889** | **–** | **–** | **–** | **–** | **889** |
| • (De)Consolidation of foundations | | – | – | – | – | – | 11 | – | 11 |
| **Balance at 31 December 2021** | | **125** | **20** | **13,282** | **199,367** | **1,088** | **433** | **(10,948)** | **203,367** |

The notes on pages •• to •• are an integral part of these consolidated financial statements.

# Consolidated statement of cash flows

**for the year ended 31 December**

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the period | | 5,771 | (2,260) |
| Adjustments for: | | | |
| • Depreciation | 8,9 | 45,234 | 42,299 |
| • Amortization | 10 | 25,392 | 19,525 |
| • Income tax (credit)/expense | | (1,536) | 2,980 |
| • Net finance costs | 26 | 26,669 | 21,750 |
| | | **101,530** | **84,294** |
| Changes in: | | | |
| • Trade receivables | 12 | 489 | (594) |
| • Other current assets | 13 | (3,608) | 2,001 |
| • Trade payables | 18 | 2,800 | 901 |
| • Other current liabilities | 19 | (19,879) | 13,074 |
| • Provisions | 21 | 255 | (1,903) |
| • Deferred income/revenue | 20 | 6,769 | 1,848 |
| **Cash generated from operating activities** | | **88,356** | **99,621** |
| Income taxes paid | | (11,228) | (488) |
| Interest paid | | (21,228) | (16,446) |
| **Net cash generated from operating activities** | | **55,900** | **82,687** |

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Deposits made | 11 | 313 | (704) |
| Acquisition of subsidiary, net of cash acquired | 7 | (107,731) | (138,589) |
| Acquisition of property, plant and equipment | 8 | 25,547 | (11,670) |
| Acquisition of intangible assets | 10 | (1,915) | – |
| **Net cash used in investing activities** | | **(83,786)** | **(150,963)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | 35 | 889 | 55,254 |
| Proceeds from loans and new borrowings | 17 | 178,860 | 91,563 |
| Repayment Loans | | (123,979) | – |
| Lease payments | 9 | (40,441) | (37,937) |
| **Net cash generated from financing activities** | | **15,329** | **108,880** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(12,557)** | **40,604** |
| Cash and cash equivalents at 1 January | | 62,413 | 21,809 |
| Currency effects | | (1,088) | – |
| **Cash and cash equivalents at 31 December** | 14 | **48,768** | **62,413** |

The notes on pages •• to •• are an integral part of these consolidated financial statements.
Refer to note 17 for Reconciliation of movements of liabilities to cash flows arising from financing activities.

# Notes to the consolidated financial

## 1 General

### 1. Reporting entity and relationship with parent company

Orange Topco B.V. (the 'Company') is a private limited liability company domiciled in the Netherlands. The Company was incorporated in the Netherlands. The Company's registered office is at Sportlaan 1, 4131NN Vianen, the Netherlands. The Company was founded on 26 July 2018 and is registered in the Trade Register at the Chamber of Commerce under number 72236256. The Company's statutory seat is Amsterdam.

72% of the shares of the Company are held by Onex Partners (hereafter: 'Onex') in Toronto, Canada, this is also the ultimate parent of the Company. The financial information of the Company is included in the consolidated financial statements of Onex. 26% of the shares of the Company are held by Waterland Private Equity Investments in Bussum, the Netherlands.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in activities related to child care services, like nurseries, after-school care, stay-services and playschool. The activities of the Company and the Group are carried out in the Netherlands and the UK.

### 2. Financial reporting period

These financial statements cover the year 2021, which started on the 1$^{st}$ of January and ended at the balance sheet date of 31 December 2021.

### 3. Implications of COVID-19 on our business

In the Netherlands COVID-19 led to three lockdowns in the childcare sector and therefore also for Partou. The second one started December 16$^{th}$ 2020 and lasted until February 8$^{th}$ 2021 for KDV and until April 17$^{th}$ for BSO and the third one started December 20$^{st}$ 2021 and lasted until January 10$^{th}$ 2022 but was only applicable for BSO. As part of the arrangements between government and the childcare sector, parents are reimbursed by the government up to the fiscal maximum tariff. Partou has and will (partly) voluntarily reimburse parents for the part of the invoice that is above the fiscal maximum tariff in case the children didn't attend the childcare facility in the concerning period. In 2021 an amount of approximately EUR 6.5 million has been compensated. Although parts of the year our locations were closed for regular business, this has not resulted in a significant reduction in revenue during the lockdown periods.
Next to the voluntary reimbursement COVID-19 also affects personnel costs as well as costs for activities. The personnel costs were higher due to COVID-19 testing and personnel being in quarantine leading to replacement costs. On the other hand, when locations are closed there are no activity costs. The Company itself did not make use of any COVID-19 subsidy.

In the UK customers are being compensated in case of a bubble closure. Compensation in 2021 is around EUR 0.3 million.

Whilst uncertain whether there will be a next lockdown in 2022 or there will be more bubble closures, management does not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on the Group's financial condition or liquidity.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

# statements

# 2 Basis of preparation

## (a) Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with, and comply to, International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) including interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, and with Section 2:362(9) of the Netherlands Civil Code.

The consolidated financial statements have been prepared on a going concern basis and were authorized by the Board of Directors for issuance on March 18th 2022, use has been made of the exemption pursuant to Section 403 of Book 2 of the Netherlands Civil Code.

## (b) Period

These consolidated financial statements contain the period between from 1 January 2021 up to 31 December 2021 (balance sheet date).

## (c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless stated otherwise.

## (d) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## (e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The estimates, assumptions and judgments that management considers most critical relate to:

- **Note 4 (n) – leases and lease classification**: whether an arrangement contains a lease, the lease term and discount rate used.

  **Lease term**
  The lease term comprises the non-cancellable period of a lease contract, plus periods covered by a reasonably certain renewal option and periods covered by a termination option, which are not reasonably certain to be exercised. The group assesses whether it is reasonably certain to exercise renewal and termination options at lease commencement date and subsequently, if there is a change in circumstances. When determining the term of a lease the group takes into account all facts and circumstances, a.o. contractual terms and conditions, significant leasehold improvements, cost relating to termination of the lease, the non-cancellable period of a lease and availability of alternative locations.

  **Discount rate**
  For contracts for which the interest rate implicit in the lease cannot be readily determined, the Group uses incremental borrowing rates (IBR's) as a discount rate. The IBR is the rate that a lessee would pay to attract required funding to purchase the asset over a similar term, with a similar security and in a similar economic environment.

- **Note 4 (f (iii) and g (iii)) – Estimated useful life (in)tangible assets:** Management makes assessments to determine whether the useful life of an intangible asset is finite or indefinite and, if finite and for tangible assets, the length of that useful life. The useful life of tangible and intangible assets is reviewed each period to determine whether events and circumstances continue to support the useful life assessment for that asset

- **Note 7 – Acquisition of subsidiary**: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis. (In)tangible assets acquired in a business combination are stated at fair value, as determined at the date of the acquisition. To determine the fair value at the acquisition date judgments and estimates are required.

  Trade names are valued by means of the Relief-from-Royalty approach in which, amongst others, external royalty rates were taken into account, whereas assumptions with regard to revenue growth and discount rate are most sensitive when estimating the value.

  Customer relationships are valued by means of the Excess Earnings Method taken into account customer databases and historical attrition analysis. Whereas expected attrition pattern, revenue growth and discount rate are most sensitive when estimating the value.

  Other (in)tangible assets acquired in a business combination are valued by means of the Cost Approach. The Cost Approach is a valuation approach that uses the concept of replacement cost as an indicator of Fair Value.

- **Note 10 – Impairment test of and goodwill**: key assumptions underlying recoverable amounts.

- **Note 21 and 29 – Recognition and measurement of provisions and contingencies**: key assumptions about the likelihood and magnitude of an outflow of resources.

  The recognition of provisions and contingencies requires estimates and judgement regarding the timing and the amount of outflow of resources. Regarding claims and legal disputes, management, supported by internal and external legal counsel, determines whether it is more likely than not that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

- **Note 27 – Income tax: uncertain tax positions**
  The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions The Group recognizes liabilities for uncertain tax positions when it is more likely than not that additional tax will be due. Judgment is required in determining whether deferred tax assets are realizable and therefore recognized in the balance sheet.

  In the calculation of the income taxes the Company takes into account the tax facilities and non-deductible costs based on applicable tax Laws. Management evaluates positions taken with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has a group of specialists (supported by external specialists) which has overall responsibility for overseeing all significant fair value measurements and reports directly to the CFO.

# 3 Changes in accounting policies

The group has applied the following standards and amendments for their annual reporting period commencing 1 January 2021:

- not applicable for the Company

# 4 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

## (a) Basis of consolidation

### (i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 10). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### (iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## (b) Foreign currency

### Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement under financial income and expense.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

*Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rate ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation of non-current intercompany receivables and payables are recognized directly in a separate component of equity.

*Net investment in foreign operations*

Exchange differences arising from the translation of the net investment in foreign operations are recognized directly in a separate component of equity. They are only recognized in the income statement upon disposal of the foreign operation.

## (c) Financial instruments

### (i) Recognition, initial and subsequent measurement

The Company has the following financial assets and liabilities: cash and cash equivalents, trade receivables, deposits, loan and borrowings and trade payables.

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents, e.g. debt investments with fixed redemption dates that are acquired within three months of their maturity.

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Cash and cash equivalents are measured at nominal value which approximates the fair value due to the short term nature of the financial asset. A regular way purchase or sale of financial assets is recognized using trade date accounting.

Financial assets subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

### (ii) Derecognition

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### (iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

## (d) Equity

### (i) Ordinary and preference shares

Incremental costs directly attributable to the issue of ordinary and preference shares, net of any tax effects, are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

### (ii) Other reserves

This reserve is used to record equity of foundations ('stichtingen') that cannot be freely distributed by the Group because of statutory restrictions within the foundations.

### (iii) Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

## (e) Impairment

### Financial instruments

The Group recognizes loss allowances for ECLs on financial assets. The Company applies the simplified approach to measure the loss allowances of trade receivables at an amount equal to lifetime ECL's. For bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition the Company measures the loss allowance at 12 month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and lifetime ECL is to be estimated, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 120 days past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### Non-financial assets

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## (f) Property, plant and equipment

### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

### (ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### (iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Assets under construction are leasehold improvements in progress. From the moment the leasehold improvement is finished, this asset will be depreciated.

The estimated useful lives of property plant and equipment for the current period are as follows:

| | |
|---|---|
| • Leasehold improvements: | 5 – 10 years |
| • Furniture and transport materials: | 5 years |
| • Assets under construction: | Not applicable |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (iv) Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

## (g) Intangible assets and goodwill

### (i) Recognition and measurement

*Goodwill*

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets, including trademarks, customer relationships and software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

### (ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

### (iii) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for the current period is as follows:

| | |
|---|---|
| • Trademarks: | 2 – 10 years |
| • Customer relationships: | 3 – 9 years |
| • Software: | 5 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## (h) Employee benefits

### (i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Defined benefit plan

The Company participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the Company accounts for the plan as if it were a defined contribution plan. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

### (iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, like jubilee benefits and long-term illness compensation, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

### (iv) Share-based payments

A management participation plan ('MIP') has been set up to offer members of management the opportunity to indirectly participate in the Company, by means of an investment in depository receipts that are issued by a STAK ('Stichting Administratiekantoor Orange'). The STAK has been established to split the legal and economic rights of the shares. The STAK holds 10.82% of the ordinary shares (of which 9.69% is held through Orange Manco B.V.) and 1.30% of the preference shares in Orange Topco B.V. as per 31 December 2021 (31 December 2020: 10.55% and 1.01%, respectively). Additionally for selected participants an opportunity is in place for an investment in the institutional strip (meaning a pari passu investment as the majority shareholder of ordinary shares and cumulative preference shares).

The benefits of the MIP are subject to vesting conditions and to good- and bad-leaver conditions. In accordance with IFRS, the MIP qualifies as a group equity-settled plan at the level of the Company. As participants have purchased their investment at a value which is considered to be equal to the fair value at grant date, no expenses have been recognized in the financial statements of the Company.

At 31 December 2021 32 employees (31 December 2020: 28) participate in the MIP, including the board of directors. Furthermore 11 employees (31 December 2020: 7) participate in the strip investment.

## (i) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### (i) Jubilee

The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The provision is recognized for the estimated amount of future long-service awards, which is calculated on the basis of the commitments made, the likelihood of the staff concerned remaining with the Company, and their age.

### (ii) Long term illness

The provision for long-term illness is recognized for the present value of the liabilities existing at the balance sheet date for continued payment of wages in the future to employees who, at the balance sheet date, are expected to be permanently unable to carry out work due to illness or occupational disability. Included in this provision are any possible severance payments due to these employees of the Company.

### (iii) Restructuring

The provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced. Future operating losses are not provided for.

## (j) Revenue

Information about the Group's accounting policies and identified performance obligations relating to contracts with customers is provided in Note 23.

## (k) Subsidies

Subsidies are recognized at their fair value where there is a reasonable assurance that the subsidy will be received, and the Company will comply with all attached conditions. Subsidies relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate. Subsidies that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

Partou helps municipalities by offering high-quality preschool education (PE) for children who may be at greater risks of language backlogs when they enter primary school and/or children with special social/medical needs. Partou offers this service at specialized and/or regular daycare centres or in daycare centers within schools (IKC). The PE programmes Partou offers align with the programmes and practices of the municipality and/or school. In case children qualify for PE service, but do not have access to the national childcare allowances for example because the parents do not work, the PE service of these children are paid for by the municipalities and recorded as subsidies by Partou. Where possible, Partou cooperates with municipalities to organise care for special-needs children.

## (l) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

## (m) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax Treatments.

### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

### (ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. During 2021 it has become probable that previously unrecognized non-deductible interest expenses can be used from 2023 onwards, the Company has recognized a deferred tax asset of EUR 3.9 million.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## (n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposes the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, changed, or acquired through business combinations on or after 1 January 2019.

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

## (i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use assets has been reduced to zero.

*Lease payments*

Lease payments are divided in principal cost and finance costs. Finance cost is charged to the profit and loss over the lease period. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The basis for the lease payments in the case of real estate are mainly fixed amounts of rental payments. Many contracts do include clauses for indexation which qualify as 'variable payments based on an index or a rate' under IFRS 16, and therefore the current lease payments are taken into account in calculating the lease liability.

The lease portfolio of the Group also includes lease contracts that include variable lease payments that are not dependent on an index or a rate, but that are 'truly' variable, namely based on the number of children times an hourly rate. These contracts are the so called 'Kindplaatsen'. For these contracts the Group determines the fixed and variable lease payments (not depending on an index and rate) in the lease contracts and will only include the fixed lease payments in the calculation of the right-of-use asset and lease liability.

During the data collections process, the Group did not identify any amounts expected to be payable by the lessee under residual value guarantees. Next, the Group did not identify any purchase options that are reasonably certain to exercise, as well as any payments for terminating the lease if the lease term reflects early termination.

*Lease term*

In many contracts the lease term of the real estate is between 5 and 30 years. In most contracts the Group has the option to automatically extend the contract. The Group will estimate the reasonable certainty of such extension period and include this (if reasonably certain) in the lease term.

Regarding the contracts with schools, the lease term is often 1 year without extension of the contract. Due to applicable legislation the schools are not allowed to enter into a contract for a longer duration (often 1 school season). However, many of those contracts state that if both parties wish to extend this is often known a certain period before the new school year starts (i.e. one month). This results in a situation where the Group frequently will renew the lease with one additional year before the end of the current one-year lease term. At that time the remaining lease term is 24 months. This triggers the question whether application of the short term lease accounting for that lease should be abandoned. However, the lease accounting guidance states that the lessee only loses eligibility for the short term lease exemption if the renewal period is greater than 12 months.

As noted above, those lease contracts with schools often have an one-year term whereas the school (being the lessor) has the option to not renew and end the lease. IFRS 16 dictates that such termination option by the school can only be taken into account if this could be exercised with no more than an insignificant penalty. The term 'penalty' can be broadly interpreted but in order to make it practical for the Group it is noted that there are several locations where the Group has made an investment in the location (i.e. leasehold improvement). If such termination by the lessor would result in the lessor contractually bound to repay (part of) such investment, the Group will consider this in determining the lease term.

*Short-term leases and leases of low-value assets*

The group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## (o) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

# 5 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. As these standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements, the estimated impact is not further disclosed, quantitatively and/or qualitatively.

# 6 List of subsidiaries

Set out below is a list of subsidiaries of the Group.

| | | | |
|---|---|---|---|
| **Dutch subsidiaries** | | | |
| Orange Midco B.V. | 100% | Childcare B.V. | 100% |
| KidsFoundation Holdings B.V. | 100% | Partou Holding B.V. | 100% |
| BOX Kinderopvang B.V. | 100% | BOX Kinderopvang 2. B.V. | 100% |
| Partou B.V. | 100% | Smallsteps B.V. | 100% |
| KidsFoundation B.V. | 100% | Koningskinderen Holding B.V. | 100% |
| De Kleine wereld B.V. | 100% | Kindcentrum De Speelwereld B.V. | 100% |
| Kindcentrum Mierlo B.V. | 100% | KindCentrum Rijen B.V. | 100% |
| Pido Kinderopvang B.V. | 100% | F&S Kinderopvang B.V. | 100% |
| | | | |
| **UK subsidiaries** | | | |
| Partou UK Bidco Limited | 100% | Just Childcare Holdings Limited | 100% |
| Project Play Midco 1 Limited | 100% | Project Play Midco 2 | 100% |
| Just Childcare Consultancy Services Limited | 100% | Just Childcare Limited | 100% |
| The Chestnuts Day Nursery Limited | 100% | The Chestnuts Nursery Limited | 100% |
| Chestnuts Quedgeley Limited | 100% | Giggles of Lytham (Day Nursey) Ltd | 100% |
| Lytham Academy F.C. Limited | 100% | FCCC Holdings Ltd | 100% |
| First Class Child Care Limited | 100% | Cherubs Holdings Limited | 100% |
| Cherubs Day Nursey (sale) Ltd | 100% | Megellan Holdings Limited | 100% |

| UK subsidiaries | | | |
|---|---|---|---|
| Primleys Park Children's Nurseries Limited | 100% | Cetrolinear Limited | 100% |
| Pebbles Day Nursery Limited | 100% | JW DW Limited | 100% |
| Small World Day Nursey Limited | 100% | Little Manor Day Nursey Limited | 100% |
| Wirral Nurseries Limited | 100% | Safehands Day Nursey Limited | 100% |
| Brambely Hedge Nursey Limited | 100% | Chicken Run Limited | 100% |
| Buttons & Bows Ltd | 100% | Ladybirds Private Day Nursey Limited | 100% |
| Kids Corner Nursey and Pre-School Limited | 100% | Marjorie Monk Limited | 100% |
| Acorns in Adel Limited | 100% | Woodlands Park Day Nursey Limited | 100% |
| Playdays Daycare Nursey Ltd | 100% | Abbeywood Tots Day Nursey Ltd | 100% |
| The Village Day Nursey Limited | 100% | 100 Acrewood Limited | 100% |
| Little Acorns (Sout West) Limited | 100% | Funcare Limited | 100% |
| Kiddy Factory Limited | 100% | Kiddy Factory Rentals Limited | 100% |
| Park Wood Day Nurseries Limited | 100% | | |

All Dutch subsidiaries, availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, the Company has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries.

# 7 Acquisition of subsidiaries

In 2021, the Group acquired the activities and assets/liabilities of De Zonnestraaltjes B.V. The Group also acquired 100% of the voting interests in the following entities, all of which are involved in activities related to childcare services.

- Registered offices in the Netherlands:
  - Pido Kinderopvang B.V. (01 March 2021)
  - F&S Kinderopvang B.V. (29 October 2021)
- Registered offices in the United Kingdom:
  - Just Childcare and its 100% subsidiaries (02 June 2021)
  - The Chestnuts Day Nursery Limited and its 100% subsidiaries (06 September 2021)
    - The Chestnuts Nursery Limited
    - Chestnuts Quedgeley Limited

For further disclosure purposes, the 'Just Childcare' acquisition is regarded as a material business combination. The other acquisitions are disclosed in aggregate in the following tables.

## Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

| EUR 1,000 | **Just Childcare** | **Other** | **Total** |
|---|---|---|---|
| Cash | 101,565 | 12,527 | 114,092 |
| Other | – | (157) | (157) |
| **Total consideration transferred** | **101,565** | **12,370** | **113,935** |

## Acquisition-related costs

In 2021, the Group incurred acquisition-related costs of EUR 3,783 thousand relating to legal fees and due diligence costs for Just Childcare and EUR 103 thousand for other acquisitions. These costs have been included in 'acquisition-related expenses' (Note 24).

## Identifiable assets acquired and liabilities assumed

The following table summarises the recognized amounts at fair value of assets acquired and liabilities assumed at the acquisition date.

| EUR 1,000 | Note | Just Childcare | Other | Total |
|---|---|---|---|---|
| Property, plant and equipment | 8 | 50,929 | 3,925 | 54,854 |
| Right-of-use assets | 9 | 8,632 | 2,691 | 11,323 |
| Intangible assets | 10 | 12,963 | 1,572 | 14,535 |
| Financial fixed assets | 11 | – | 138 | 138 |
| | | | | |
| Trade receivables | 12 | 537 | (30) | 507 |
| Other current assets | 13 | 593 | 94 | 687 |
| Cash and cash equivalents | 14 | 5,056 | 1,149 | 6,205 |
| | | | | |
| Lease liabilities | 9 | (8,632) | (2,691) | (11,323) |
| Provisions | 21 | – | (28) | (28) |
| Deferred tax liabilities | 27 | (8,245) | (381) | (8,626) |
| | | | | |
| Current tax liabilities | | (306) | (142) | (448) |
| Trade payables | 18 | (462) | (140) | (602) |
| Other current liabilities | 19 | (619) | (1,053) | (1,672) |
| Deferred income/revenue | 20 | (1,607) | – | (1,607) |
| Accounts payable for earn outs | | – | – | – |
| **Total identifiable net assets acquired** | | **58,839** | **5,104** | **63,943** |

The gross contractual amount of trade receivables is EUR 787 thousand (Just Childcare EUR 781 thousand; other EUR 6 thousand); the best estimate at the acquisition date of the contractual cash flows not expected to be collected is EUR 245 thousand (Just Childcare EUR 245 thousand).

## Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

| Assets acquired | Valuation technique |
|---|---|
| Tangible assets | *Market comparison technique and cost technique:* The valuation model considers market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |
| Intangible assets | *Relief-from-royalty method, excess earnings method and cost approach:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. The Cost Approach is a valuation approach that uses the concept of replacement cost as an indicator of Fair Value. |

## Goodwill

Goodwill has been recognized:

| EUR 1,000 | Just Childcare | Other | Total |
|---|---|---|---|
| **Goodwill** | **42,726** | **7,266** | **49,992** |

The goodwill is attributable mainly to the human capital organization, future customer relationships and the profitability of the business. Also the goodwill is attributable to the fact the Company is capable of running a buy and build strategy in a professional way.

None of the goodwill recognized is expected to be deductible for tax purposes.

## Revenue and profit or loss since acquisition date

The amounts of revenue and profit or loss (before taxes) included in the consolidated statement of comprehensive income of the Group since acquisition date are summarized below.

| EUR 1,000 | Just Childcare | Other | Total |
|---|---|---|---|
| Revenue | 24,919 | 4,331 | 29,250 |
| Profit | 807 | 351 | 1,158 |

If the acquisitions had occurred on 1 January 2021, management estimates that Just Childcare would have contributed EUR 42,130 thousand of revenue and EUR 262 thousand of result before tax to the full year results. The other acquisitions would have contributed EUR 8,151 thousand of revenue and EUR 1,370 thousand of result before tax to the full year results.

# 8 Property, plant and equipment

| EUR 1,000 | Note | Leasehold improvements | Furniture and transport materials | Assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at 1 January 2020 | | 15,884 | 7,882 | 502 | 24,268 |
| Acquisitions through business combinations | 7 | 11,611 | 4,396 | – | 16,007 |
| Other additions | | 6,882 | 3,247 | 1,667 | 11,796 |
| Disposals | | (736) | (3,276) | – | (4,012) |
| Reclassifications | | – | – | – | – |
| Impairments (reversal) | | – | – | – | – |
| **Balance at 31 December 2020** | | **33,641** | **12,249** | **2,169** | **48,059** |
| | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | |
| Balance at 1 January 2020 | | (2,026) | (2,607) | – | (4,633) |
| Depreciation | | (4,683) | (3,493) | – | (8,176) |
| Disposals | | 650 | 3,236 | – | 3,886 |
| **Balance at 31 December 2020** | | **(6,059)** | **(2,864)** | **–** | **(8,923)** |
| | | | | | |
| **Carrying amounts** | | | | | |
| **At 31 December 2019** | | **13,858** | **5,275** | **502** | **19,635** |
| **At 31 December 2020** | | **27,582** | **9,385** | **2,169** | **39,136** |

| EUR 1,000 | Note | Land | Freehold | Leasehold improvements | Furniture and transport materials | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at 1 January 2021 | | – | – | 33,641 | 12,249 | 2,169 | 48,059 |
| Acquisitions through business combinations | 7 | 930 | 52,756 | 3,767 | 4,191 | – | 61,644 |
| Other additions | | – | 835 | 1,889 | 5,228 | 3,764 | 11,716 |
| Disposals | | (600) | (38,544) | (398) | (1,224) | – | (40,766) |
| Reclassifications | | – | – | 600 | (200) | (400) | – |
| FX-revaluation | | 20 | 376 | 15 | 23 | – | 434 |
| Impairments (reversal) | | – | – | – | – | – | – |
| **Balance at 31 December 2021** | | **350** | **15,423** | **39,514** | **20,267** | **5,533** | **81,087** |
| | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | |
| Balance at 1 January 2021 | | – | – | (6,059) | (2,864) | – | (8,923) |
| Acquisitions through business combinations | | – | (2,607) | (1,114) | (3,068) | – | (6,789) |
| Depreciation | | – | (393) | (4,722) | (4,498) | – | (9,613) |
| FX-revaluation | | – | (7) | (1) | (2) | – | (10) |
| Disposals | | – | 2,089 | 333 | 1,081 | – | 3,503 |
| **Balance at 31 December 2021** | | **–** | **(918)** | **(11,563)** | **(9,351)** | **–** | **(21,832)** |
| | | | | | | | |
| **Carrying amounts** | | | | | | | |
| **At 31 December 2020** | | **–** | **–** | **27,582** | **9,385** | **2,169** | **39,136** |
| **At 31 December 2021** | | **350** | **14,505** | **27,951** | **10,916** | **5,533** | **59,255** |

In 2021, the Group sold and subsequently leased back a significant part of the UK-freehold portfolio.

## Change in estimates

There were no significant changes in estimates in the year 2021.

# 9 Right-of-use assets and lease liabilities

The Group leases assets including buildings and vehicles. Information about leases for which the Group is a lessee is presented below.

## Right-of-use assets

| EUR 1,000 | Note | Property | Other | Total |
|---|---|---|---|---|
| **Carrying amount** | | | | |
| Balance at 1 January 2020 | | 126,143 | 1,177 | 127,320 |
| Acquisitions through business combinations | 7 | 105,004 | 1,159 | 106,163 |
| Additions and remeasurements | | 25,680 | 2,134 | 27,814 |
| Depreciation | | (32,696) | (1,428) | (34,124) |
| **Balance at 31 December 2020** | | **224,131** | **3,042** | **227,173** |

| EUR 1,000 | Note | Property | Other | Total |
|---|---|---|---|---|
| **Carrying amount** | | | | |
| Balance at 1 January 2021 | | 224,131 | 3,042 | 227,173 |
| Acquisitions through business combinations | 7 | 11,323 | – | 11,323 |
| Additions and remeasurements | | 85,344 | 262 | 85,606 |
| FX-revaluation | | 1,411 | – | 1,411 |
| Depreciation | | (34,492) | (1,129) | (35,621) |
| **Balance at 31 December 2021** | | **287,717** | **2,175** | **289,892** |

In line with its strategy to minimize the possession of freehold assets, the Group sold and subsequently leased back a significant part of the earlier in 2021 acquired UK-freehold portfolio, no gain or loss was recognized on this transaction.

## Lease liability

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| **Maturity analysis** | | |
| Less than one year | 31,566 | 31,863 |
| One to five years | 125,943 | 116,989 |
| More than five years | 138,756 | 87,018 |
| **Balance at 31 December** | **296,265** | **235,870** |

## Amounts recognized in profit or loss

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Interest on lease liabilities | (4,950) | (4,221) |
| Expenses relating to short-term and low-value leases | (631) | (2,999) |
| Depreciation charge | (35,621) | (34,124) |

## Amounts recognized in the statement of cash flows

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Total cash outflow for leases | (41,073) | (40,936) |

# 10 Intangible assets and goodwill

| EUR 1,000 | Note | Goodwill | Trademarks | Customer relationships | Software | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance at 1 January 2020** | | **229,996** | **36,364** | **21,526** | **486** | **288,372** |
| Acquisitions through business combinations | 7 | 122,729 | 32,424 | 17,020 | 411 | 172,584 |
| Investments | | – | – | – | – | – |
| Adjustments | | 203 | – | – | – | 203 |
| **Balance at 31 December 2020** | | **352,928** | **68,788** | **38,546** | **897** | **461,159** |
| | | | | | | |
| **Accumulated amortization and impairment losses** | | | | | | |
| **Balance at 1 January 2020** | | **–** | **(4,105)** | **(5,180)** | **(122)** | **(9,407)** |
| Amortization | | – | (11,339) | (7,972) | (214) | (19,525) |
| Impairment loss | | – | – | – | – | – |
| **Balance at 31 December 2020** | | **–** | **(15,444)** | **(13,152)** | **(336)** | **(28,932)** |
| | | | | | | |
| **Carrying amounts** | | | | | | |
| **At 31 December 2019** | | **229,996** | **32,259** | **16,346** | **364** | **278,965** |
| **At 31 December 2020** | | **352,928** | **53,344** | **25,394** | **561** | **432,227** |

| EUR 1,000 | Note | Goodwill | Trademarks | Customer relationships | Software | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance at 1 January 2021** | | **352,928** | **68,788** | **38,546** | **897** | **–** | **461,159** |
| Acquisitions through business combinations | 7 | 49,992 | 7,370 | 7,165 | – | – | 64,527 |
| Investments | | – | – | – | 262 | 1,653 | 1,915 |
| FX-revaluation | | 1,009 | 154 | 132 | – | – | 1,295 |
| Adjustments | | – | – | – | 253 | 1,435 | 1,688 |
| **Balance at 31 December 2021** | | **403,929** | **76,312** | **45,843** | **1,412** | **3,088** | **530,584** |
| | | | | | | | |
| **Accumulated amortization and impairment losses** | | | | | | | |
| **Balance at 1 January 2021** | | **–** | **(15,444)** | **(13,152)** | **(336)** | **–** | **(28,932)** |
| Amortization | | – | (15,924) | (9,247) | (221) | – | (25,392) |
| FX-revaluation | | – | (6) | (9) | – | – | (15) |
| Adjustments | | – | – | – | (233) | – | (233) |
| Impairment loss | | – | – | – | – | – | – |
| **Balance at 31 December 2021** | | **–** | **(31,374)** | **(22,408)** | **(790)** | **–** | **(54,572)** |
| | | | | | | | |
| **Carrying amounts** | | | | | | | |
| **At 31 December 2020** | | **352,928** | **53,344** | **25,394** | **561** | **–** | **432,227** |
| **At 31 December 2021** | | **403,929** | **44,938** | **23,435** | **622** | **3,088** | **476,012** |

## Amortization

The amortization of the trademarks, customer relationships and software is allocated to amortization in the profit and loss statement. The intangible asset category 'Trademark' exists mainly of four individual assets': the 'Kidsfoundation', 'Koningskinderen', 'Partou' and 'Just Childcare' trademarks.

## Impairment testing for CGUs containing goodwill

The Company has identified two CGU's, Partou Netherlands and Partou UK. The split into two CGU's as from this year is driven by the fact that Partou currently operates in two different countries with more or less independent organizations, different systems and different government and different childcare funding systems.

Goodwill is managed at the level of the total group (being Orange Topco B.V. (the Netherlands). The goodwill amounts to EUR 403.9 million (2020: EUR 352.9 million). At the end of the reporting period, there was no unallocated goodwill.

The recoverable amount of this group of CGU's was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the group of CGU's. The recoverable amount of Partou Netherlands was determined to be EUR 888 million (2020: EUR 189 million) higher than its carrying amount. The recoverable amount of Partou UK was determined to be EUR 9 million higher than its carrying amount. No impairments were noted in previous years. The goodwill impairment test was performed as per November 2021.

The key assumptions used in the estimation of value in use were as follows:

| percent | 2021 | 2020 |
|---|---|---|
| Discount rate (pre tax WACC) NL | 7.75 | 10.1 |
| Discount rate (pre tax WACC) UK | 10.75 | – |
| Long term growth rate NL and UK | 2.0 | 2.0 |

The discount rate (WACC) is determined based on the risk free rate per country and the betas of a peer group which reflects specific risks relating to the relevant segments and the countries in which they operate. Adjustments in the discount rate (WACC) were made for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific group of CGU's.

The tables below present, per key assumption, a sensitivity analysis of the upward and downward impact on the recoverable amount of the CGU per impairment test date. Only in case of a significant higher discount rate in the UK, there could be an impairment, all other individual amounts presented in the table below would not lead to an impairment.

| NL | Discount rate | Long term growth rate | Impact headroom (EUR mio) |
|---|---|---|---|
| Higher discount rate +/+ 20% | 9.3% | – | (267) |
| Lower discount rate -/- 20% | 6.2% | – | 466 |
| Higher LTGR +/+ 20% | – | 2.4% | 83 |
| Higher LTGR -/- 20% | – | 1.6% | (73) |

| UK | Discount rate | Long term growth rate | Impact headroom (EUR mio) |
|---|---|---|---|
| Higher discount rate +/+ 20% | 12.9% | – | (17) |
| Lower discount rate -/- 20% | 8.6% | – | 28 |
| Higher LTGR +/+ 20% | – | 2.4% | 3 |
| Higher LTGR -/- 20% | – | 1.6% | (3) |

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA NL was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth in the Netherlands was projected based on historical years of the market which includes prices growth and market growth (research EY-Parthenon). Therefore, the expected growth of 2025 and further is 2%.

Budgeted EBITDA UK was based on growth as per the Transaction business case, supported by several external reports at the time of the transaction, with the higher 2021 level as a starting point. Revenue growth in the UK was projected based on included growth in Transaction business case with the higher 2021 level as a starting point.

No impairment was recognized.

# 11 Financial fixed assets

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Deposits | 1,401 | 1,293 |
| Loans | 457 | 740 |
| | **1,858** | **2,033** |

All financial fixed assets are non-current, movement were as follows:

| EUR 1,000 | Note | Financial fixed assets |
|---|---|---|
| **Balance at 1 January 2021** | | **2,033** |
| Changes during the financial year: | | |
| • Obtained in acquisition | 7 | 138 |
| • Deposits/loans provided | | (313) |
| • FX-revaluation | | – |
| **Total changes** | | **(175)** |
| **Balance at 31 December 2021** | | |
| • Cost of acquisition | | 1,858 |
| **Carrying amount** | | **1,858** |

# 12 Trade receivables

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Trade receivables | 3,814 | 3,796 |
| | **3,814** | **3,796** |

All trade receivables are current.

### Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 22.

## 13 Other current assets

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Prepaid expenses | 7,396 | 3,101 |
| **Total other current assets** | **7,396** | **3,101** |

## 14 Cash and cash equivalents

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Bank balances | 48,768 | 62,413 |
| Cash and cash equivalents in the statement of financial position | 48,768 | 62,413 |
| **Cash and cash equivalents in the statement of cash flows** | **48,768** | **62,413** |

## 15 Capital and reserves

Refer to the Company financial statements for the capital and reserves.

## 16 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The right balance must ensure that Partou has the right basis for a sustainable future under different circumstances.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total of debt to lending institutions less cash and cash equivalents. The Group manages compliance with external requirements by regularly assessing the covenant outcomes (at least quarterly) as described in note 17.

The Group's net debt to equity ratio at 31 December was as follows:

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Debt to lending institutions | 264,634 | 209,335 |
| Less cash and cash equivalents | (48,768) | (62,413) |
| Net debt | 215,866 | 146,922 |
| | | |
| Total equity | 203,367 | 195,619 |
| | | |
| **Net debt to equity ratio** | **1.06** | **0.75** |

# 17 Loans and borrowings

## Non-current liabilities

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Debt to lending institutions | 264,634 | 209,335 |
| | **264,634** | **209,335** |

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 22.ii.

## Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

| EUR 1,000 | Currency | Nominal interest rate | Year of maturity | Face value 31 December 2020 | Carrying amount 31 December 2020 | Face value 31 December 2019 |
|---|---|---|---|---|---|---|
| Secured Bank loan | EUR | 6.25% + EURIBOR | 2025 | 217,000 | 209,335 | 122,000 |
| Secured Bank loan (Super Senior) | EUR | 10% | 2028 | – | – | 20,000 |
| **Total interest-bearing liabilities** | | | | **217,000** | **209,335** | **142,000** |

| EUR 1,000 | Currency | Nominal interest rate | Year of maturity | Face value 31 December 2021 | Carrying amount 31 December 2021 | Face value 31 December 2020 |
|---|---|---|---|---|---|---|
| Secured Bank loan | EUR | 6.5% + EURIBOR | 2025 | 141,504 | 137,239 | 217,000 |
| Secured Bank loan (Super Senior) | EUR | 2.875% + EURIBOR | 2025 | 93,025 | 89,390 | – |
| Secured Bank loan | GBP | 6.5% + SONIA | 2025 | 38,005 | 38,005 | – |
| **Total interest-bearing liabilities** | | | | **272,534** | **264,634** | **217,000** |

## Debt with lending institution (ARES)

The Company has a term loan of EUR 90 million and an acquisition facility of EUR 165 million (31 December 2020: EUR 165 million) of which EUR 88.5 million is drawn per 31 December 2021 (31 December 2020: EUR 127 million). In 2021 EUR 75.5 million has been repaid on the acquisition facility, EUR 1.0 million has been cancelled and EUR 37.0 million has been converted into GBP before utilizing resulting in a GBP 31.9 million loan. In addition a GBP Bridge loan of GBP 40.0 million has been drawn in 2021 which has been fully repaid during the year. In 2021 a new Super Senior term loan (SS) has been closed of EUR 110 million (31 December 2020: EUR 0 million) of which EUR 93.0 million is drawn per 31 December 2021 (31 December 2020: EUR 0 million).

Interest rate on the term loan and acquisition facility was Euribor +6.25% at the beginning of the year and Euribor +6.50% after including the SS loan. The margin of the term loan and acquisition facility can be adjusted between Euribor (or SONIA) +6.50% and Euribor (or SONIA) +8.00% based on the consolidated net leverage ratio. Per the loan agreement, both Euribor (and SONIA) has a floor of 0%. The margin on the SS can be adjusted between Euribor +2.875% and Euribor +3.25% based on the consolidated net leverage ratio. Per the loan agreement, Euribor has a floor of 0%.

The difference between the face value and the carrying amount of the debt with lending institutions are the amortized financing costs.

The revolving credit facility amounting to EUR 20 million was not drawn as at 31 December 2021.

*Covenants:*

- Consolidated net leverage must be lower than 7.00:1 till 30 September 2022 and will drop to 4.50:1 per 31 December 2026. The consolidated net leverage calculation is: Consolidated debt to consolidated EBITDA.
- Guarantor Cover test must be ≥ 80% (Guarantor EBITDA/Group EBITDA).

The Group has complied with the financial covenants of its borrowing facilities as at year end 2021.

*Pledges:*

- Pledge over the shares in Childcare B.V.
- Pledge over material intercompany receivables
- Pledge over material bank accounts
- Pledge over receivables pursuant to the Acquisition Agreement

*Reconciliation of movements of liabilities to cash flows arising from financing activities*

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| **Balance at 1 January** | **209,335** | **138,960** |
| | | |
| Changes in financing cash flows: | | |
| • Proceeds from loans and borrowings | 178,860 | 91,563 |
| • Repayment Loans | (123,979) | – |
| **Total changes from financing cash flows** | **54,881** | **91,563** |
| | | |
| **Other changes** | | |
| Converted into share capital | – | (23,312) |
| Acquired loans and borrowings and finance leases | – | – |
| Capitalised borrowing costs | (237) | 1,048 |
| Accrued Interest expense | – | 1,076 |
| Interest paid | – | – |
| FX-revaluation | 655 | – |
| **Total liability-related other changes** | **418** | **(21,188)** |
| | | |
| **Balance at 31 December** | **264,634** | **209,335** |

Partou does not make use of any shareholder loan.

# 18 Trade payables

All trade payables are current. Information about the Group's exposure to currency and liquidity risk is included in note 22.ii.

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Trade payables | 12,396 | 8,994 |
| | **12,396** | **8,994** |

## 19 Other current liabilities

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Liability for social security | 7,714 | 19,943 |
| Pension premiums and other payables to employees | 24,048 | 22,811 |
| Accrued independent auditor's fees | 145 | 169 |
| Accrued housing costs | 1,717 | 1,040 |
| Accrued VAT | 255 | 156 |
| Accrued interest on loan | 2,891 | 3,833 |
| Accrued advisory cost | 1,368 | 1,397 |
| Accounts payable for earn-outs | – | 222 |
| Management loans | 20 | 41 |
| Other | 2,757 | 5,665 |
| | **40,914** | **55,277** |

All liabilities have a duration of less than one year. The liability for social security includes the social security's taxes and the premium discount liability. The pension premiums and other payables to employees includes the pension premiums and the holiday allowance. The accrued interest on loan is related to the external financing.

## 20 Deferred income/revenue

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Subsidies | 4,735 | 1,010 |
| Customer advances | 43,360 | 38,709 |
| | **48,095** | **39,719** |
| | | |
| Non-current | – | – |
| Current | 48,095 | 39,719 |
| | **48,095** | **39,719** |

*Subsidy (mainly Preschool Education)*

The subsidies are related to personnel, rent and children activities, which are mainly based upon subsidies for placing children in the specific PE day-care services, which must be accredited by the municipalities. The subsidies have been provided by advance payment in 2021 based on expected usage and will be used in 2022.

# 21 Provisions

| EUR 1,000 | Jubilee | Long term illness | Work Resumption Fund premiums | Restructuring | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2021** | **3,057** | **778** | **1,480** | **1,680** | **6,995** |
| Assumed in a business combination | 28 | – | – | – | 28 |
| Provisions made during the year | 188 | 1,845 | 320 | – | 2,353 |
| Provisions used during the year | (58) | (906) | – | (372) | (1,336) |
| Provisions reversed during the year | – | (186) | – | (576) | (762) |
| FX-revaluation | | | | | |
| **Balance at 31 December 2021** | **3,215** | **1,531** | **1,800** | **732** | **7,278** |

| EUR 1,000 | Jubilee | Long term illness | Work Resumption Fund premiums | Restructuring | Total |
|---|---|---|---|---|---|
| Non-current | 3,154 | 922 | – | – | 4,076 |
| Current | 61 | 609 | 1,800 | 732 | 3,202 |
| | **3,215** | **1,531** | **1,800** | **732** | **7,278** |

The jubilee (anniversary) provision has been formed in accordance with the collective labor agreement (CAO) for all personnel on the payroll.

The long term illness provision has been formed for all personnel, where the Company has a high degree of certainty that they will not return to the labor process.

The jubilee provision have been discounted using a discount rate of 1.3%.
The provision with regard to a revision by Dutch tax authorities of the premiums 2014–2020 for the Work Resumption Fund is EUR 1,800 thousand (2020: EUR 1,480 thousand). The increase of the provision in 2021 is substantiated by ongoing communications with the Dutch tax authorities. Board of Directors expects to agree on the final premiums in 2022. The amount reflects the best estimate supported by legal advice.

During 2020, a provision was made to cover the costs associated with centralizing the back office service activities of the Group. Estimated restructuring costs mainly include employee termination benefits and are based on a detailed plan agreed between management and employee representatives. The current balance is of EUR 732 thousand and is expected to be completed in 2022.

# 22 Financial instruments

## Accounting classifications and fair values

The Company has the following categories of financial instruments:
Trade receivables, deposits, cash and cash equivalents, loan and borrowings and trade payables.

All financial assets and financial liabilities are measured at amortized cost (carrying amounts), which is a reasonable approximation of fair value.

### (i) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- currency risk.

*Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal control. Internal control undertakes both regular and ad hoc internal balance sheet and internal control reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee. The full Supervisory Board oversees the overall risk management.

## (ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets recognized in profit or loss were as follows. The positive EUR 387 thousand in 2021 was due to the release of aged doubtful debts.

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Impairment loss on trade receivables arising from contracts with customers | 387 | (186) |
| | **387** | **(186)** |

*Trade and other receivables*

The Company mitigates its credit risk by billing its – mainly private – customers in advance and receives the majority of its revenues through direct debits prior to delivering the child care service. Remaining outstanding receivables are closely monitored and if necessary a collection agency is used. The Company is taking measures to limit its exposure on overdue clients. No significant amounts relate to one specific counterparty.

*Expected credit loss assessment for individual customers*

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are applied to all customers.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December.

| EUR 1,000 | Weighted-average loss rate | Gross carrying amount | Loss allowance | Credit-impaired |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| Current (not past due) | 0.59% | 647 | (4) | Yes |
| 1–30 days past due | 11.15% | 2,846 | (317) | Yes |
| 31–60 days past due | 15.89% | 454 | (72) | Yes |
| 61–90 days past due | 36.71% | 314 | (115) | Yes |
| 91–120 days past due | 68.80% | 194 | (133) | Yes |
| More than 120 days past due | 100% | 3,474 | (3,474) | Yes |
| | | **7,929** | **(4,115)** | |

Loss rates are based on actual credit loss experience over the past 2 years. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified COVID-19 to be a non-significant factor since only a very minor part of the Company's turnover is affected: it was agreed that parents are almost fully reimbursed by the government during the required pandemic-related closures as long as they keep paying the childcare fees.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| **Balance at 1 January** | **(4,201)** | **(1,683)** |
| Acquired in business combination | (246) | (2,389) |
| Net remeasurement of loss allowance | 332 | (129) |
| **Balance at 31 December** | **(4,115)** | **(4,201)** |

*Cash and cash equivalents*

The Group held cash and cash equivalents of EUR 48.8 million at 31 December 2021 (31 December 2020: EUR 62.4 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA3, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the Company's financial obligations towards creditors and to stay within the limits of its loan covenants. As of 25 March 2020, a revolving credit facility amounting to EUR 20 million has been secured. This credit facility of EUR 20 million was not used at the end of 2021.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and excluding the impact of netting agreements:

| EUR 1,000 | Carrying amount | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | | Total | 2 months or less | 2 – 12 months | 1 – 2 years | 2 – 5 years | More than 5 years |
| **31 December 2021** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Debt to lending institution | 264,634 | 331,084 | 2,356 | 12,217 | 14,573 | 301,938 | – |
| Lease liabilities | 296,265 | 341,689 | 6,554 | 33,884 | 38,592 | 104,458 | 158,201 |
| Trade payables | 12,396 | 12,396 | 12,396 | – | – | – | – |
| | **573,295** | **685,169** | **21,306** | **46,101** | **53,165** | **406,396** | **158,201** |

| EUR 1,000 | Carrying amount | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | | Total | 2 months or less | 2 – 12 months | 1 – 2 years | 2 – 5 years | More than 5 years |
| **31 December 2020** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Debt to lending institution | 209,335 | 278,032 | – | 13,563 | 27,125 | 237,344 | – |
| Lease liabilities | 235,870 | 260,005 | 6,751 | 28,769 | 34,877 | 93,200 | 96,408 |
| Trade payables | 8,994 | 8,994 | 8,994 | – | – | – | – |
| | **454,199** | **547,031** | **15,745** | **42,332** | **62,002** | **330,544** | **96,408** |

As disclosed in note 17, the Group has a debt to a lending institution that contains a loan covenant (leverage ratio) and a Guarantor Cover test. A future breach of covenant or Guarantor Cover test may require the Group to repay the loan earlier than indicated in the above table.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

## Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## Currency risk

The Company operates in the Netherlands and since 2021 in the United Kingdom, and is exposed to foreign exchange risk arising from currency exposure to the British pound sterling (GBP). Since the Company's subsidiaries primarily purchase and sell in local currencies, the Company's exposure to exchange rate movements in its commercial operations is limited. The Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets and liabilities into euros for inclusion in its consolidated financial statements. Translation risk related to the Company's foreign subsidiaries is not actively hedged; however, the Company aims to minimize this exposure by funding its foreign operations in their functional currency wherever feasible.

## Interest rate risk

In general the Group currently faces a limited interest risk given the fact that the debt with the lending institution is based on a EURIBOR (and partly SONIA) plus margin, with a EURIBOR (resp. SONIA) floor of 0%. When the EURIBOR or SONIA increases above 0%, the interest on the loan from lending institution will increase. To mitigate this risk, the Company has secured an interest cap for ca. 68% of the total euro exposure at a level of Euribor +0.5%. Also, at the end of each interest period the Company can choose between a 1, 3 or 6-months interest period, which makes it possible to fix the interest for a short period of time. As also disclosed in note 16 interest will go up when the leverage ratio goes up.

## Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

| EUR 1,000 | Carrying amount 31 December 2021 | Carrying amount 31 December 2020 |
|---|---|---|
| **Fixed-rate instruments** | | |
| Financial liabilities | – | – |
| | **–** | **–** |
| | | |
| **Variable rate instruments** | | |
| Financial liabilities | 264,634 | 209,335 |
| | **264,634** | **209,335** |

### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity (2020: EUR 75 thousand).

### Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| EUR 1,000 | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | 100 basis points increase | 100 basis points decrease | 100 basis points increase | 100 basis points decrease |
| **31 December 2021** | | | | |
| Variable-rate instruments | (957) | – | (957) | – |
| **Cash flow sensitivity (net)** | **(957)** | **–** | **(957)** | **–** |
| **31 December 2020** | | | | |
| Variable-rate instruments | (1,628) | – | (1,628) | – |
| **Cash flow sensitivity (net)** | **(1,628)** | **–** | **(1,628)** | **–** |

# 23 Revenue

## Revenue streams

The Group generates revenues from the sale of day-care services. Revenue streams are recognized over time.

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Sales nurseries (KDV) | 337,423 | 280,832 |
| Sales after-school care (BSO) | 135,180 | 134,828 |
| Sales stay-services (TSO) | 1,701 | 2,676 |
| Sales pre-school (PSZ) | 7,959 | 5,734 |
| **Total revenue from contracts with customers** | **482,263** | **424,070** |
| | | |
| Other income | 12,263 | 11,884 |
| **Total revenue** | **494,526** | **435,954** |

All revenue is generated in the Netherlands and the United Kingdom.

## Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

| EUR 1,000 | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Receivables, which are included in 'trade receivables' | 12 | 3,814 | 3,796 |
| Contract liabilities | 20 | 43,360 | 38,709 |

The contract liabilities (also: 'customer advances') relate to the advance consideration received from customers for day-care services, for which revenue is recognized over time. There are no performance obligations with the original expected duration of one year or more. The increase of contract liabilities is a result of the growth of the Group (note 7).

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Revenue recognized that was included in the contract liability balance at the beginning of the period | 20 | 38,709 | 18,799 |
| Revenue recognized from performance obligations satisfied in previous periods | | – | – |

## Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenues from the services rendered in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered. As explained in paragraph 1.3 the COVID-19 impact is limited on recognized revenues in 2021 even in the lock-down periods due to ongoing contracts.

There are mainly 4 type of services that Topco provides: nurseries, after-school care, stay-service and playschool. The nature and timing of satisfaction of performance obligations is for each and all of these services performed at a total level. The promise made in each type of service is not considered to be a different type of performance obligation and therefore no deviation has been made per service line. All services comprise the same type of performance obligation.

The Company provides a predefined number of hours of services to the customer for fixed price per hour or session. It is contractually agreed that any unused hours or sessions per month are non-refundable and expire at the end of the month; for Partou contracts, the hours remain valid for four months (up to the end of the contract) as courtesy to the customer. These hours can only be used if possible within the regular planning of the location As the customers simultaneously receive and consume the benefits provided by the Company, revenue from the contract is recognized over time when services are rendered to the customer. In general, customers pay one month in advance.

# 24 Income and expenses

## Other income

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Government grants | 20 | 11,107 | 10,628 |
| Other | | 1,156 | 1,256 |
| | | **12,263** | **11,884** |

## Other expenses

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Housing expenses | | (24,378) | (24,249) |
| Operating expenses | | (17,489) | (15,741) |
| Acquisition-related expenses | 7 | (3,886) | (534) |
| Advisory costs | 7 | (6,092) | (4,924) |
| General and administrative expenses | | (3,321) | (2,816) |
| IT costs | | (6,606) | (5,348) |
| Other expenses | | (5,352) | (3,741) |
| | | **(67,124)** | **(57,353)** |

# 25 Employee benefit expenses

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Wages and salaries | | (240,124) | (219,060) |
| Social security contributions | | (38,254) | (39,237) |
| Contributions to defined contribution plans | | (20,812) | (17,198) |
| Reversal of social security liability | | – | – |
| Costs of personnel settlement agreements | | (1,451) | (627) |
| Restructuring costs | 21 | 576 | (1,833) |
| Provision Work Resumption Fund revision | 21 | (320) | 3,178 |
| Hired personnel | | (12,044) | (10,433) |
| Other personnel expenses | | (13,850) | (8,910) |
| | | **(326,279)** | **(294,120)** |

The Company makes pension contributions to the Stichting Pensioenfonds Zorg & Welzijn (hereafter: pension fund), which is a multi-employer plan. The plan is a defined benefit scheme which is at retirement available to employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan as this information is not provided to the Company.

In addition to the Company more than 23,000 employers participate in the plan and the financial information provided to the Company on the basis of the contractual agreements is insufficient to reliably measure the Company's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

The amount contributed to the plan in 2021 was EUR 35.0 million (of which employer contribution is EUR 20.8 million). The contributions were made for current service and these have been recognized in the statement of profit or loss.

Expected contributions to the plan for the next annual reporting period amount to EUR 36.3 million (of which employer contribution is EUR 18.2 million), which is based on payments made to the multi-employer plan during the current fiscal year.

The coverage ratio of the pension fund is 106.6% per 31 December 2021 (92.6% per 31 December 2020). The Company has no additional funding requirements, besides higher future contributions to be made due to the level of the coverage ratio. Also the Company does not have any rights towards any potential surplus of the pension fund.

# 26 Finance costs

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Financial liabilities measured at amortized cost – interest expense | | (21,719) | (17,529) |
| Interest on lease liabilities | 9 | (4,950) | (4,221) |
| **Finance costs recognized in profit or loss** | | **(26,669)** | **(21,750)** |

# 27 Income tax credit/(expense)

## Amounts recognized in profit or loss

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| **Current tax (expense)/credit** | | |
| Current year | (12,407) | (5,775) |
| Changes in estimates related to prior years | 571 | 419 |
| | **(11,836)** | **(5,356)** |
| **Deferred tax credit/(expense)** | | |
| Origination and reversal of temporary differences | 13,857 | 4,408 |
| Change in tax rate | (465) | (2,032) |
| Recognition of previously unrecognized deductible temporary differences | – | – |
| | **13,392** | **2,376** |
| **Tax credit/(expense) on continuing operations** | **1,556** | **(2,980)** |

As per year end 2021 the following changes were substantively enacted and therefore incorporated into the calculations of the deferred tax assets and liabilities at 31 December 2021:

- As per 1 January 2022, an increase in the Dutch corporate tax rate from 25.0% to 25.8%;
- As per 1 April 2023, an increase in the UK corporate tax rate from 19.0% to 25.0%.

These changes have been incorporated into the calculations of the deferred tax assets and liabilities at 31 December 2021. Since the deferred (net) liabilities are calculated at higher future rates compared to the rates at 31 December 2020, the change in tax rate results in a tax debit in 2021.

The tax legislation in relation to expenditures incurred in association with acquisitions is complex and subject to recent changes. From 2017 onwards, the deductible expenses have been analysed and categorized in detail with the assistance of external tax experts. The Group considers it probable that a tax deduction for acquisition-related expenses will be available for 2021 on the same basis. In 2018 and 2019 the tax deduction was based on estimates, in 2020 and 2021 a more precise analysis has been done. Furthermore, the Group applied fiscal earnings stripping rules to its calculation of deductible interest expenses, amongst others interest on its shareholder loan. The tax treatment of these positions remains uncertain until the 2017 and onwards filings have been accepted by tax authorities.

## Reconciliation of effective tax rate

| EUR 1,000 | 2021 | | 2020 | |
|---|---|---|---|---|
| | % | | % | |
| Profit before tax from continuing operations | | 4,215 | | 720 |
| Tax using the Company's domestic tax rate | **25%** | (1,054) | **25%** | (180) |
| Reduction in tax rate | | | | |
| Tax effect of: | | | | |
| • Non-deductible expenses | **34%** | (1,417) | **155%** | (1,115) |
| • Change in tax rate | **11%** | (465) | **283%** | (2,039) |
| • Origination and reversal of temporary differences | **(93%)** | 3,921 | **9%** | (65) |
| • Adjustments prior year | **(14%)** | 571 | **(58%)** | 419 |
| | **(37%)** | **1,556** | **414%** | **(2,980)** |

## Movement in deferred tax balances

| EUR 1,000 | Net balance at 1 January | Acquired in business combinations | Recognized in profit or loss | Other | Net balance at 31 December | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|---|
| **31 December 2020** | | | | | | | |
| Property, plant and equipment | – | – | – | – | – | – | – |
| Goodwill | 4,333 | – | (684) | 513 | 4,162 | 4,162 | – |
| Intangible assets | (10,921) | (11,009) | 4,861 | (2,767) | (19,836) | – | (19,836) |
| Unfavorable lease | 1,073 | 22 | (178) | 137 | 1,054 | 1,054 | – |
| Right-of-use asset | (28,963) | (23,806) | 306 | (7,196) | (59,659) | – | (59,659) |
| Lease liability | 29,713 | 23,806 | 153 | 7,283 | 60,955 | 60,955 | – |
| Carry forward tax loss | 70 | – | (70) | – | – | – | – |
| **Tax (liabilities)/assets before set-off** | **(4,695)** | **(10,987)** | **4,388** | **(2,030)** | **(13,324)** | **66,171** | **(79,495)** |
| | | | | | | | |
| Set off of tax | | | | | | (59,659) | 59,659 |
| **Net tax assets (liabilities)** | | | | | | **6,512** | **(19,836)** |
| | | | | | | | |
| Non-current | | | | | | 5,645 | (13,851) |
| Current | | | | | | 867 | (5,985) |
| | | | | | | **6,512** | **(19,836)** |

| EUR 1,000 | Net balance at 1 January | Acquired in business combinations | Recognized in profit or loss | Other | Net balance at 31 December | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | |
| Property, plant and equipment | – | (5,793) | 4,108 | (151) | (1,836) | – | (1,836) |
| Goodwill | 4,162 | – | (585) | 237 | 3,814 | 3,814 | – |
| Intangible assets | (19,836) | (2,833) | 6,270 | (571) | (16,970) | – | (16,970) |
| Unfavorable lease | 1,054 | – | (184) | 27 | 897 | 897 | – |
| Deductable interest (15b) | – | – | 3,921 | – | 3,921 | 3,921 | – |
| Right-of-use asset | (59,659) | (2,250) | (7,165) | (4,956) | (74,030) | – | (74,030) |
| Lease liability | 60,955 | 2,250 | 7,492 | 5,008 | 75,705 | 75,705 | – |
| **Tax (liabilities)/assets before set-off** | **(13,324)** | **(8,626)** | **13,857** | **(406)** | **(8,499)** | **84,337** | **(92,836)** |
| | | | | | | | |
| Set off of tax | | | | | | (74,184) | 74,184 |
| **Net tax assets (liabilities)** | | | | | | **10,153** | **(18,652)** |
| | | | | | | | |
| Non-current | | | | | | 9,364 | (11,607) |
| Current | | | | | | 789 | (7,045) |
| | | | | | | **10,153** | **(18,652)** |

## Deferred tax assets and liabilities

In 2021 the Group did not recognize a deferred tax asset for tax deductible goodwill (note 10).

# 28 Commitments

## Guarantees issued

The Company has provided an amount of EUR 3.1 million for bank guarantees. These are related to several rental agreements. Corporate guarantees amount to EUR 1.2 million.

## Lease commitments

The Group leases buildings, units, cars and equipment under operating leases. The Group decided to apply IFRS 16 recognition exemptions to short-term leases and to low value leases (value EUR 5 thousand or less). The yearly expense for these leases amounts to EUR 0.6 million. For leases of other assets, which were classified as operating leases under IAS 17, the Group recognized right-of-use assets and lease liabilities. For further disclosures refer to note 4 and 9.

The Group agreed several lease contracts of which the commencement date lies in 2022 or further. No Right of Use assets of Lease Liability has been recognized for these contracts yet. The future lease liability for these contracts amounts to approximately EUR 5.7 million.

# 29 Contingencies

## Fiscal unity

For corporate income tax purposes, Orange Topco B.V. and all Dutch limited liability companies ('B.V.') listed in notes 6 List of subsidiaries are a Dutch fiscal unity. All UK limited liability companies ('Ltd') are part of an English fiscal group. Pursuant to the Collection of State Taxes Act, the Company and its subsidiary are both severally and jointly liable for the tax payable by the combination. Settlement within the fiscal unity between the Company and its Dutch subsidiaries takes place through current account positions.

In the financial statements of Orange Topco B.V. tax expenses are calculated on the basis of the commercial result realized by Orange Topco B.V. The entities in the fiscal unities settle these expenses through their intercompany accounts.

# 30 Related parties

## Transactions with key management personnel

### Key management personnel compensation

Key management personnel compensation comprised the following:

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Short-term employee benefits | 1,142 | 1,092 |
| Post-employment benefits | 93 | 82 |
| Other long-term benefits | – | – |
| Termination benefits | – | – |
| Share-based payments | – | – |
| | **1,235** | **1,174** |

Key management are the directors of Orange Topco B.V. The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment and incentives to the extent that these items were charged to the Company. Post-employment benefits relate to a defined contribution pension scheme.

### Key management personnel transactions

A management participation plan ('MIP') has been set up to offer members of management the opportunity to indirectly participate in the Company, by means of an investment in depository receipts that are issued by a STAK (Stichting Administratiekantoor Orange). The STAK has been established to split the legal and economic rights of the shares. The STAK holds 10.82% of the ordinary shares (of which 9.69% is held through Orange Manco B.V.) and 1.30% of the preference shares in Orange Topco B.V. as per 31 December 2021 (31 December 2020: 10.55% and 1.01%, respectively). Additionally for selected participants an opportunity is in place for an investment in the institutional strip (meaning a pari passu investment as the majority shareholder of ordinary shares and cumulative preference shares).

The benefits of the MIP are subject to vesting conditions and to good- and bad-leaver conditions. In accordance with IFRS, the MIP qualifies as a group equity-settled plan at the level of the Company. As participants have purchased their investment at a value which is considered to be equal to the fair value at grant date, no expenses have been recognized in the financial statements of the Company. At 31 December 2021 32 employees (31 December 2020: 28) participate in the MIP, including the board of directors. Furthermore 11 employees (31 December 2020: 7) participate in the strip investment.

## Other related party transactions

| EUR 1,000 | Income and expense for 2021 | Balance outstanding at 31 December 2021 |
|---|---|---|
| Onex loan and related interest | 18 | 455 |

| EUR 1,000 | Income and expense for 2020 | Balance outstanding at 31 December 2020 |
|---|---|---|
| Onex loan and related interest | 940 | 437 |

All outstanding balances with these related parties are priced on an arm's length basis. None of the balances is secured. No expense has been recognized in the current year or prior year for bad of doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

# 31 Subsequent events

On 3 January 2022, the Group acquired 100% of the shares and the voting interests in Zoete Lieve Gerritje Beheer B.V. and ZLG Den Dungen B.V. ('Zoete Lieve Gerritje'). In the first quarter of 2022 the Company expects to acquire the shares and the voting interests several Dutch entities. All are active in the field of providing childcare and related services. The preliminary consideration for all acquisitions in the first quarter is expected to be EUR 28.9 million, these acquisitions will enable the Group to meet its ambition to expand. As per the date of issuing these financial statements, initial accounting including purchase price allocation for the acquisitions has not been completed yet. Therefore, the Group will report the remaining required disclosures under IFRS 3 on the acquisitions in its 2022 financial statements.

# Contents
# Company financial statements

# Company statement of financial position

**(Before profit appropriation)**

| EUR 1,000 | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Assets** | | | |
| Financial fixed assets | 33 | 210,298 | 196,791 |
| **Non-current assets** | | **210,298** | **196,791** |
| | | | |
| Other current assets | 34 | 5,640 | 4,773 |
| Cash and cash equivalents | | 229 | 62 |
| **Current assets** | | **5,869** | **4,835** |
| | | | |
| **Total assets** | | **216,167** | **201,626** |

| EUR 1,000 | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Equity** | | | |
| Ordinary share capital | 35 | 125 | 125 |
| Preference share capital | 35 | 20 | 20 |
| Share premium ordinary shares | 35 | 13,280 | 12,391 |
| Share premium preference shares | 35 | 199,367 | 199,367 |
| Currency translation reserve | 35 | 1,088 | – |
| Accumulated result | 35 | (16,365) | (14,042) |
| Unappropriated result | 35 | 5,760 | (2,323) |
| **Equity attributable to owners of the Company** | | **203,275** | **195,538** |
| | | | |
| **Total equity** | | **203,275** | **195,538** |
| | | | |
| Other current liabilities | 36 | 12,892 | 6,088 |
| **Total liabilities** | | **12,892** | **6,088** |
| | | | |
| **Total equity and liabilities** | | **216,167** | **201,626** |

# Company statement of profit or loss
**for the year ended 31 December 2021**

| EUR 1,000 | Note | 2021 | 2020 |
|---|---|---|---|
| Share in result from participating interests, after taxation | 33 | 6,253 | (1,358) |
| Other income and expenses, after taxation | | (493) | (965) |
| **Net Result** | | **5,760** | **(2,323)** |

# Notes to the company financial statements

## General

These company financial statements and the consolidated financial statements together constitute the statutory financial statements of Orange Topco B.V. (hereafter: 'the Company'). The financial information of the Company is included in the Company's consolidated financial statements, as presented on pages 5 to 60.

# 32 Basis of preparation

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements.

Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements of the group.

All amounts in the company financial statements are presented in EUR thousand, unless stated otherwise.

## Participating interests in group companies

Group companies are all entities in which the Company has direct or indirect control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognized from the date on which control is obtained by the Company and derecognized from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the company financial statements according to the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which the control, significant influence or joint control ceases.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognized if and to the extent that the cumulative unrecognized share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognized accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

## Share of result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value of the participating interests.

## Corporate income tax

The Company recognizes the portion of corporate income tax that it would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

## 33 Financial fixed assets

Movements in financial fixed assets were as follows:

| EUR 1,000 | Participating interests in group companies |
|---|---|
| Balance at 1 January 2021 | |
| • Cost of acquisition | 212,474 |
| • Accumulated revaluations | (15,683) |
| **Carrying amount** | **196,791** |
| | |
| Changes during the financial year: | |
| • Investments and loans provided | 6,166 |
| • Share in result of participating interests | 6,253 |
| • Dividends received from participating interests | – |
| • FX-revaluation | 1,088 |
| **Total changes** | **13,507** |
| | |
| Balance at 31 December 2021 | |
| • Cost of acquisition | 218,640 |
| • Accumulated revaluations | (8,342) |
| **Carrying amount** | **210,298** |

The Company is the holding Company and has the following financial interest:

| Name | Legal seat | Share in issued capital % |
|---|---|---|
| Orange Midco B.V. | Amsterdam | 100 |

## 34 Other current assets

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Receivable from group companies | 4,990 | 4,394 |
| Other current receivables | 650 | 379 |
| **Total other current assets** | **5,640** | **4,773** |

# 35 Shareholders' equity

## Reconciliation of movements in capital and reserves

| EUR 1,000 | Note | Ordinary share capital | Preference share capital | Share premium ordinary shares | Share premium preference shares | Currency translation reserve | Accumulated result | Unappropriated result | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | **125** | **20** | **12,391** | **199,367** | **–** | **(14,042)** | **(2,323)** | **195,538** |
| | | | | | | | | | |
| **Changes in financial year:** | | | | | | | | | |
| Contributions and distributions: | | | | | | | | | |
| • Issued shares | 35 | – | – | 889 | – | – | – | – | 889 |
| • Result for the year | | – | – | – | – | – | – | 5,760 | 5,760 |
| • Result appropriation prior year | | – | – | – | – | – | (2,323) | 2,323 | – |
| • Dividends | 35 | – | – | – | – | – | – | – | – |
| • Other Movements | | – | – | – | – | 1,088 | – | – | 1,088 |
| **Balance at 31 December 2021** | | **125** | **20** | **13,280** | **199,367** | **1,088** | **(16,365)** | **5,760** | **203,275** |

## Share capital and share premium

| | Ordinary shares | |
|---|---|---|
| | 2021 | 2020 |
| In issue at 1 January | 125,150 | 90,161 |
| Issued for cash | 320 | 34,989 |
| In issue at 31 December – fully paid | **125,470** | **125,150** |
| Authorized number of shares – par value EUR x 0.01 | 12,546,988 | 12,515,097 |

| | Preference shares | |
|---|---|---|
| | 2021 | 2020 |
| In issue at 1 January | 19,607 | 12,432 |
| Issued for cash | 57 | 7,175 |
| In issue at 31 December – fully paid | **19,664** | **19,607** |
| Authorized number of shares – par value EUR x 0.0001 | 196,643,586 | 196,073,321 |

## Ordinary shares

At 31 December 2021, the authorized ordinary share capital comprised 12,546,988 ordinary shares. All shares have a par value of EUR 0.01. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## Preference shares

At 31 December 2021, the authorized preference share capital comprised 196,643,586 preference shares. All shares have a par value of EUR 0.0001. All issued shares are fully paid.

Insofar the result of the year allows, the holders of the preference shares are entitled to a dividend of 10% of the sum of (i) the (remaining) amount of preference share capital, (ii) the cumulative preference shares dividend reserve and (iii) unallocated dividend on the preference shares, before any dividends are allocated to ordinary shareholders. If profit of the year is insufficient, the unallocated amount is a contingent dividend to be allocated to the cumulative preference shares dividend reserve, once the profit in future years allow this allocation. As per 31 December 2021 the contingent dividend is EUR 64.2 million (31 December 2020: EUR 40.2 million). Payment of any dividend to cumulative preference shareholders is subject to approval of the Board and the General Meeting of Ordinary Shareholders of the Company.

## Share premium

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income).

## Retained earnings

### Profit appropriation 2020

As per the decision of the Board of Directors, the result after tax for 2020 was appropriated to Accumulated result.

## Unappropriated result

### Proposal for profit appropriation 2021

The Board of Directors proposes to the General Meeting to appropriate the result after tax for 2021 to the dividend reserve ordinary shares. The result after tax for 2021 is included in the item unappropriated result within equity.

The Company can only make payments to the shareholders and other parties entitled to the distributable result in so far as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the Company shall not approve the distribution.

### Reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the company financial statements

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Shareholders' equity according to the consolidated statement of financial position | 203,367 | 195,619 |
| • Equity of the consolidated foundations | (92) | (81) |
| **Shareholders' equity according to the company statement of financial position** | **203,275** | **195,538** |
| | | |
| Net result according to the consolidated profit and loss account | 5,771 | (2,260) |
| • Result of the consolidated foundations | (11) | (63) |
| **Net result according to the company profit and loss account** | **5,760** | **(2,323)** |

### Equity of the foundations

The Company consolidates the foundations as mentioned in note 4.d.ii. For the company financial statements, the Company is not allowed to account for the foundations within the Group on the net asset value based on equity ('stichtingsvermogen') of the foundations because from a legal perspective, the Company does not own the foundations.

### Result of the foundations

In addition to above, the Company is not allowed to add the result of the foundations to the profit and loss of the respective year for the company financial statements.

## 36 Other current liabilities

| EUR 1,000 | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Payables to group companies | 12,892 | 6,026 |
| Other current liabilities | – | 62 |
| **Total other current liabilities** | **12,892** | **6,088** |

# 37 Financial instruments

## General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.
- Currency risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of Orange Topco B.V.

# 38 Off-balance sheet assets and liabilities

## Several liability and guarantees

All Dutch subsidiaries, availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, the Company has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries.

Together with its subsidiaries, the Company forms a fiscal unity for corporate income tax purposes. Pursuant to the Collection of State Taxes Act, the Company and its subsidiary are both severally and jointly liable for the tax payable by the combination. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

# 39 Number of employees

During the 2021 financial year, no employees were directly employed by the Company Orange Topco B.V. (2020: nil). The average number of staff employed by the Group, converted into full-time equivalents is 7,003, in headcount 10,697 (2020: 6,370 and 9,836, respectively).

# 40 Independent auditor's fee

The following fees were charged by PricewaterhouseCoopers Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

| EUR 1,000 | | 2021 | | | 2020 | |
|---|---|---|---|---|---|---|
| | Pricewaterhouse Coopers Accountants N.V. | Other Pricewaterhouse Coopers network | Total Pricewaterhouse Coopers Accountants N.V. | Pricewaterhouse Coopers Accountants N.V. | Other Pricewaterhouse Coopers network | Total Pricewaterhouse Coopers Accountants N.V. |
| Audit of the financial statements | 425 | – | 425 | 455 | – | 455 |
| Other audit engagements | 25 | – | 25 | 16 | – | 16 |
| Other non-audit services | – | 531 | 531 | – | – | – |
| Tax services | – | – | – | – | – | – |
| | **450** | **531** | **981** | **471** | **–** | **471** |

The fees mentioned in the table for the audit of the financial statements 2021 relate to the total fees for the audit of the financial statements 2021, irrespective of whether the activities have been performed during the financial year 2021.

# 41 Related parties

## Transactions with key management personnel

### Key management personnel compensation

Key management personnel compensation comprised the following:

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment and incentives to the extent that these items were charged to the Company.

### Key management personnel transactions

| EUR 1,000 | 2021 | 2020 |
|---|---|---|
| Short-term employee benefits | 1,142 | 1,092 |
| Post-employment benefits | 93 | 82 |
| Other long-term benefits | – | – |
| Termination benefits | – | – |
| Share-based payments | – | – |
| | **1,235** | **1,174** |

A management participation plan ('MIP') has been set up to offer members of management the opportunity to indirectly participate in the Company, by means of an investment in depository receipts that are issued by a STAK (Stichting Administratiekantoor Orange). The STAK has been established to split the legal and economic rights of the shares. The STAK holds 10.82% of the ordinary shares (of which 9.69% is held through Orange Manco B.V.) and 1.30% of the preference shares in Orange Topco B.V. as per 31 December 2021 (31 December 2020: 10.55% and 1.01%, respectively). Additionally for selected participants an opportunity is in place for an investment in the institutional strip (meaning a pari passu investment as the majority shareholder of ordinary shares and cumulative preference shares).

The benefits of the MIP are subject to vesting conditions and to good- and bad-leaver conditions. In accordance with IFRS, the MIP qualifies as a group equity-settled plan at the level of the Company. As participants have purchased their investment at a value which is considered to be equal to the fair value at grant date, no expenses have been recognized in the financial statements of the Company. At 31 December 2021 32 employees (31 December 2020: 28) participate in the MIP, including the board of directors. Furthermore 11 employees (31 December 2020: 7) participate in the strip investment.

## Other related party transactions

There are no outstanding balances with related parties in the company financial statements of the Company.

# 42 Remuneration of managing and supervisory directors

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company, its subsidiaries and consolidated other companies amounted to EUR 1.2 million for executives (2020: EUR 1.2 million), and EUR 0.1 million for supervisory directors (2020: EUR 0.1 million). Also refer to the consolidated financial statements note 30.

Vianen, March 18th, 2022

Orange Topco B.V., behalf

**Executive Board**

J.J.C. Westerink
Chief Executive Officer

M.C.G Iacono
Chief Financial Officer

R.H.M Visser
Chief Operations Officer

**Supervisory Board**

N.S. Wright
Supervisory Board

A.C.J. Faure
Supervisory Board

M.C. van der Sluijs-Plantz
Supervisory Board

J.H. Scheepers
Supervisory Board

T. Simons
Supervisory Board

H.J. Terwijn
Supervisory Board

# Other information

# 43 Provisions in the Articles of Association governing the appropriation of profit

**Article 29. Profits. Reserves.**

**29.3** The General Meeting is authorised to allocate the profits accrued in a financial year as determined by the adoption of the annual accounts and to determine the distributions, all in accordance with the provisions of these Articles of Associations and with due observance of the limitations prescribed by law.

**29.4** Annually, the General Meeting resolves that from the profits earned in a financial year, as determined by the adoption of the annual accounts, will be added to the Preference Shares Profit Reserve (unless the General Meeting resolves to make a distribution with due observance of the provisions of Article 30) a cumulative preferred dividend of ten percent (10%) on an annual basis, calculated on the basis of the sum of:

(a) the aggregate nominal value of the issued Preference Shares;
(b) the Preference Shares Share Premium Reserve;
(c) the Preference Shares Profit Reserve; and
(d) the cumulative preferred dividend not yet distributed or added to the Preference Shares Profit Reserve from preceding financial years (if any).

If, in a financial year, no profit is made or the profits are insufficient to allow the reservation or distribution provided for in the preceding sentence, the deficit will be charged at the expense of the profits earned in following financial years or, if possible, at the expense of any other free reserve of the Company.

**29.5** The cumulative preferred dividend of ten percent (10%) as referred to in Article 29.4 will accrue on an annual basis, based on a financial year starting on the first day of January and ending on the thirty-first day of December. If new Preference Shares are issued, in that year, the cumulative preferred dividend of ten percent (10%) will accrue on such new Preference Share as of and including the day of issuance until and including the thirty first day of December of that year.

**29.6** The profit remaining after application of Article 29.4 will be added to the Ordinary Shares A Profit Reserve and the Ordinary Shares B Profit Reserve in proportion to the total number of issued and outstanding Ordinary Shares A and Ordinary Shares B respectively, unless the General Meeting decides otherwise with due observance of Article 30.

**Article 30. Distributions**

**30.1** The General Meeting may resolve to make a distribution, which distribution will be made as follows:

(a) Firstly: to the holders of Preference Shares in proportion to the aggregate nominal value of the Preference Shares held by each of them, an amount equal to the sum of:

(i) the nominal value of the Preference Shares (as far as not distributed yet);
(ii) the Preference Shares Share Premium Reserve;
(iii) the Preference Shares Profit Reserve; and
(iv) any cumulative preferred dividend accrued but not yet distributed or added to the Preference Shares Profit Reserve from preceding financial years and the current financial year, then calculated with due observance of Article 29 over the period until the day that this amount is made payable;

(b) secondly, any remaining proceeds to the holders of the Ordinary Shares A and the holders of Ordinary Shares B in proportion to the aggregate nominal value of Ordinary Shares A and Ordinary Shares B held by each of them.

**30.2** The authority of the General Meeting to make distributions applies to both (i) distributions at the expense of non-appropriated profits and (ii) distributions at the expense of any reserves, and to both (i) distributions on the occasion of the adoption of the annual accounts and (ii) interim distributions, all without prejudice to the provisions of Article 30.1.

**30.3** A resolution to make a distribution will not be effective until approved by the Management Board. The Management Board may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to continue to pay its debts as they fall due.

# Non-voting shares and shares with/without limited profit sharing rights

The Company has 196.643.586 non-voting shares (so-called preference shares). These shares do not entitle the holder to voting rights in the General Meeting, but only entitle the holder to a share in the distributable profits and reserves.

# Independent auditor's report

To: the general meeting and the supervisory board of Orange Topco B.V.

## Report on the financial statements 2021

*Our opinion*

In our opinion:

- the consolidated financial statements of Orange Topco B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2021 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Orange Topco B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

*What we have audited*

We have audited the accompanying financial statements 2021 of Orange Topco B.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2021;
- the company statement of profit or loss for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

## The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of Orange Topco B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

## Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## Responsibilities for the financial statements and the audit

*Responsibilities of the executive board and the supervisory board for the financial statements*

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern.

Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

## Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.
Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 18 March 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.F.J. Vermeulen RA

## Appendix to our auditor's report on the financial statements 2021 of Orange Topco B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

*The auditor's responsibilities for the audit of the financial statements*

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Colophon

Vianen, March 18, 2022

KVK 72236256 – These Financial Statements have been adopted by the General Meeting of Shareholders on 18 May 2022

**Design and realisation:** CF Report